The prices in the international market have sharply risen in the recent months. Considering India's high dependence on oil imports, the increase in international price does impact on the domestic consumer prices of petroleum products. With a new to modulating the impact of high international prices on the domestic on consumer prices of petrol and diesel, a price band mechanism has been put in operation as per which the Oil Marketing Companies (OMCs) can effect price revisions based on the previous fortnight's average international price, provided that the exchange rate adjusted C&F (cost & freight) product price was within the band of ±10% around the mean of (a) last three months' rolling average prices; and (b) last one year's rolling average prices. In case the C&F prices breach the ceiling due to high volatility, OMCs would keep the prices in the band and approach the Government. The ceiling was breached in August 2004 and since then Government have been keeping prices under close review.

In addition, steps have been taken to contain the impact of such increases in the domestic consumer prices of four products, *viz.,* PDS kerosene, domestic LPG diesel and petrol. The Government reduced excise duties on petrol, diesel and domestic LPG by 4%, 3% and 8%, respectively effective 16-6-2004. Later, effective 19-8-2004, the excise duties on petrol, diesel and PDS kerosene were reduced by 3%, 3% and 4% respectively. Also, effective 19-8-2004, customs duties on petrol, diesel, PDS kerosene and domestic LPG were reduced by 5% each.

Government is constantly monitoring and keeping under careful review the prices of all sensitive petroleum products.

GAIL's agreement with DOW and Company

2018. SHRI AMAR SINGH : Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that Gas Authority of India has recently signed a joint agreement with DOW and Company, the largest exploration in Myanmar, for brining Natural Gas through pipelines to India;

(b) if so, the details thereof; and

(c) by when the agreement is likely to be implemented?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) to (c) No, Sir. However, GAIL and OVL have joined Daewoo International in exploration of Block A-l, Myanmar offshore. In addition, an MoU has been signed on 5th October, 2004 between OVL and Daewoo for Block A-3, according to which 30% of the share would be available to the Indian parties (OVL and GAIL).

Entry of Private Sector in Pipeline Sector

2019. DR. (SHRIMATI) NAJMA A. HEPTULLA : Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government are considering a proposal to allow private operators to lay pipelines;

(b) whether it is a fact that GAIL,which is holding monopoly at the moment, has opposed the proposal; and

(c) if so, the details of the proposal and the reasons for opposing the proposal?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) and (b) Yes, Sir.

(c) GAIL has expressed reservations regarding the entry of other players in gas transmission business, claiming it would hamper the smooth operation of pipelines and restrict growth opportunities for GAIL in the sector. GAIL has therefore, sought monopoly rights to lay inter-state natural gas transmission pipelines in the country.

Under the existing policy, any entity can set up gas transmission and distribution networks without any Authorization/license from the Government. Natural Gas/LNG is under Open General License (OGL) and 100% Foreign Direct Investment (FDI) is permitted for natural gas pipeline projects. However, as natural gas pipelines are highly capital-intensive projects, they are considered natural monopolies and, therefore, Government propose to regulate them. Based on the feedback received from various stakeholders, including major domestic and international oil and gas companies, different Chambers of Commerce and Industries, State Governments, etc., and after inter-ministerial consultations a Draft Pipeline Policy is under consideration which envisages the development of a nationwide gas grid in a competitive environment, involving both the public sector